

We started our health insurance system, decades ago, with the idea that some of us should share the responsibility for others. If we each paid a little, then those who needed a lot could be paid for by those who needed less. Insurance allowed the cost of health care to be spread out among many so that more could afford it. But today's system does not work as well as it did in the past.

As time went on insurance companies learned that the truly sick cost more than the healthy. Insurers began to look for markets that allowed them to make a good return, or at least break even. Employers had 'built in' groups so that insurers began to look to employers to buy coverage; labor unions encouraged this as it was a fringe benefit that was not taxed and allowed union members to maximize their paycheck; providers liked the system because more and more people were covered and could afford any health care that they needed. These populations were young, healthy and working hard.

This sharing of responsibility worked well for decades. Employers were able to shoulder the burden and still compete in the international marketplace.

Meanwhile, other countries, decided to treat health care as a right, not a commodity. They spread the responsibility for

health care coverage throughout their populations and even in countries much smaller than the USA – even in countries with smaller populations than Michigan’s – this system of spreading the responsibility to finance the health care system worked well. There are problems, but everyone had – has – health insurance and access to a standard level of care.

In the US – and especially in the manufacturing industry - the population covered by employer’s group policies aged more than the national populations of other countries. The cost to major employers – even the largest – rose faster here than overseas in part because the group was defined, aging, getting sicker, and costing more. We see the result today. Because we failed to create a group that includes everyone sharing the cost and sharing the responsibility, today we are losing ground to other countries economically in part because of our health care costs.

The average car built by GMC includes \$1500 in health care costs for its employees and retirees. For Ford the amount is \$1300 per vehicle built and for Chrysler \$1100. Toyota and Honda get away with \$200 and \$150 respectively in Japan. Even in the US when Toyota and Honda have plants their health care costs per vehicle built are only around \$400 per vehicle built. The competitive advantage is huge! As the car is rolling down the line decisions have to be made about what quality can

be built in; what engineering options can be included; how much the price will be. GMC has an \$1100 a car disadvantage just based on health care costs alone. And this does not include the other legacy cost – pensions – also borne by employers instead of shared by all of us!

Our failure to follow one of the simple rules we learn in Kindergarten – to share – is costing us jobs and lives. Because more and more employers are dropping coverage – about 100,000 a year in this state alone – and Medicaid simply cannot pick up the slack – more people become uninsured; have less access to preventive and primary care; get sick and some die. Our competitors follow that simple rule and, paradoxically, have a competitive advantage as a result.

We don't have to establish a monolithic governmental program to enforce sharing. Other nations provide for sharing the responsibility in many different ways. But we do need to shift the way we think about financing health care. This resolution is a start toward that end. "Shared responsibility" is actually called for by our moral and religious values. To allow any one person to go without health care, to the detriment of that person's health, is nothing less than a violation of the moral code we have all learned at our parents' knees. We make sure everyone has an education; but we fail to ensure that every child has the health care he or she needs in order to actually

benefit from the learning experience; or that every parent has the health care needed to allow them to take care of their children; or that every grandparent, below the age of 65, has the health care needed to enjoy their grandchildren.

Changes are needed in the health care system – and this concurrent resolution says it well. We need to design and enact legislation for a health care system “based on the principles of shared responsibility and good stewardship.” We hope that the passage of this concurrent resolution will be the beginning of further work – serious work – on the health care finance and delivery systems in this session.

Thank you.

Gary Benjamin, esq.
Michigan Legal Services
220 Bagley, Suite 900
Detroit, MI 48226
313-964-4130 ext 229
Cell – 313-590-6136